















# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2021/0206(COD)</p>	Awaiting Parliament's position in 1st reading
<p>Social Climate Fund</p> <p>Subject</p> <p>3.20 Transport policy in general 3.60.08 Energy efficiency 3.70.03 Climate policy, climate change, ozone layer 4.10.05 Social inclusion, poverty, minimum income 4.70.01 Structural funds, investment funds in general, programmes</p> <p>Legislative priorities</p> <p><a href="#">Joint Declaration 2021</a> <a href="#">Joint Declaration 2022</a></p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	 <a href="#">Environment, Public Health and Food Safety</a>		
	 <a href="#">Employment and Social Affairs</a>		29/11/2021
		 <a href="#">CASA David</a>	29/11/2021
		 <a href="#">DE LANGE Esther</a>	
		Shadow rapporteur	
		 <a href="#">DOBREV Klára</a>	
		 <a href="#">VITANOV Petar</a>	
		 <a href="#">KNOTEK Ondřej</a>	
		 <a href="#">VEDRENNE Marie-Pierre</a>	
		 <a href="#">LANGENSIEPEN Katrin</a>	
		 <a href="#">MATTHIEU Sara</a>	
		 <a href="#">BILDE Dominique</a>	
		 <a href="#">MÉLIN Joëlle</a>	
		 <a href="#">SLBAKOV Andrey</a>	
		 <a href="#">SZYDŁO Beata</a>	

Council of the European Union  
European Commission  
  
European Economic and Social Committee  
European Committee of the Regions

Committee for opinion

**FEMM** [Women's Rights and Gender Equality](#)

**BUDG** [Budgets](#)  
(Associated committee)

**ITRE** [Industry, Research and Energy](#)

**IMCO** [Internal Market and Consumer Protection](#)

**TRAN** [Transport and Tourism](#)

**REGI** [Regional Development](#)

**ECON** [Economic and Monetary Affairs](#)

Commission DG

[Climate Action](#)



[CHAIBI Leila](#)



[KOKKALIS Petros](#)

Rapporteur for opinion Appointed

The committee decided not to give an opinion.

25/10/2021



[MARQUES Margarida](#)

01/10/2021



[SZYDŁO Beata](#)

The committee decided not to give an opinion.

29/10/2021



[CHAIBI Leila](#)

06/09/2021



[BERENDSEN Tom](#)

16/09/2021



[HAHN Henrike](#)

Commissioner

TIMMERMANS Frans

## Key events

14/07/2021	Legislative proposal published	<a href="#">COM(2021)0568</a>	Summary
13/09/2021	Committee referral announced in Parliament, 1st reading		
11/11/2021	Referral to associated committees announced in Parliament		
11/11/2021	Referral to joint committee announced in Parliament		
18/05/2022	Vote in committee, 1st reading		
23/05/2022	Committee report tabled for plenary, 1st reading	<a href="#">A9-0157/2022</a>	Summary
07/06/2022	Debate in Parliament		
08/06/2022	Decision by Parliament, 1st reading		
22/06/2022	Decision by Parliament, 1st reading	<a href="#">T9-0247/2022</a>	Summary
	Matter referred back to the committee		

22/06/2022

responsible

Technical information	
Procedure reference	2021/0206(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 194-p2; Rules of Procedure EP 58; Treaty on the Functioning of the EU TFEU 192-p1; Rules of Procedure EP 57
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a> <a href="#">European Committee of the Regions</a>
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	CJ39/9/07637

Documentation gateway					
Legislative proposal		<a href="#">COM(2021)0568</a>	14/07/2021	EC	Summary
Reasoned opinion	SE_PARLIAMENT	<a href="#">PE700.493</a>	02/12/2021	NP	
Economic and Social Committee: opinion, report		<a href="#">CES4774/2021</a>	08/12/2021	ESC	
Committee draft report		<a href="#">PE703.206</a>	01/02/2022	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE700.588</a>	20/04/2022	EP	
Committee opinion	<b>ITRE</b>	<a href="#">PE704.621</a>	21/04/2022	EP	
Committee opinion	<b>REGI</b>	<a href="#">PE700.385</a>	27/04/2022	EP	
Committee of the Regions: opinion		<a href="#">CDR4801/2021</a>	28/04/2022	CofR	
Committee opinion	<b>ECON</b>	<a href="#">PE704.768</a>	29/04/2022	EP	
Committee opinion	<b>TRAN</b>	<a href="#">PE704.623</a>	02/05/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A9-0157/2022</a>	23/05/2022	EP	Summary
Text adopted by Parliament, partial vote at 1st reading/single reading		<a href="#">T9-0247/2022</a>	22/06/2022	EP	Summary

Additional information		
Research document	<a href="#">Briefing</a>	09/11/2021

## Social Climate Fund

**PURPOSE:** to establish a Social Climate Fund in order to fairly spread the costs of tackling and adapting to climate change.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the European Green Deal launched a new growth strategy for the EU that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy. The [European Climate Law](#) has made the EU's climate neutrality target by 2050 legally binding.

The Commission has presented a complementary and interconnected set of proposals as part of the 2030 Climate and Energy Fit for 55 package to achieve the greenhouse gas emission reduction target of at least 55% compared to 1990. This Fit for 55 legislative package is the most comprehensive building block in the efforts to implement the ambitious new 2030 climate target, and all economic sectors and policies will need to make their contribution.

Increasing the 2030 target for EU greenhouse gas reductions will impact many sectors across the EU economy and coordinated action as well as financial support at the EU level is therefore indispensable.

The increase in the price for fossil fuels will have significant social and distributional impacts that may disproportionately affect vulnerable households, vulnerable micro-enterprises and vulnerable transport users who spend a larger part of their incomes on energy and transport and who, in certain regions, do not have access to alternative, affordable mobility and transport solutions. Such impacts on vulnerable groups differ between Member States, and price impacts are likely to be felt more strongly in Member States, regions and population with lower average income. As corollary to the fuel price increases through carbon pricing, the emissions trading generates revenues, which can be used to alleviate the burden on the vulnerable groups.

**CONTENT:** with this proposal, the Commission proposes the creation of a Social Climate Fund for the period 2025 to 2032 to provide Member States with funding to address the social impacts of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

Each Member State should submit to the Commission a Social Climate Plan. Those Plans should pursue two objectives:

- 1) they should provide vulnerable households, vulnerable micro-enterprises and vulnerable transport users the necessary resources to finance and carry out investments in energy efficiency, decarbonisation of heating and cooling, in zero- and low-emission vehicles and mobility;
- 2) they should mitigate the impact of the increase in the cost of fossil fuels on the most vulnerable and thereby prevent energy and transport poverty during the transition period until such investments have been implemented. The Plans should have an investment component promoting the long-term solution of reduce fossil fuels reliance and could envisage other measures, including temporary direct income support to mitigate adverse income effects in the shorter term.

The financial envelope of the Fund is EUR 72.2 billion (EUR 23.7 billion for the years 2025-2027 and EUR 48.5 billion for the years 2028-2032). The Fund would be financed from the EU budget which corresponds in principle to 25% of the expected revenues to be accumulated from the auctioning of allowances within the emissions trading for buildings and road transport. Member States should contribute to at least 50% of the total estimated costs of the plan. For that purpose, they should inter alia use the revenues from auctioning of their allowances under the emissions trading for the two new sectors.

The Commission will propose a targeted amendment of the Regulation for the multiannual financial framework for the years 2021 to 2027 to accommodate an additional Union spending of an amount of EUR 23.7 billion for the period 2025-2027. The spending should be frontloaded to precede and accompany a smooth introduction of the new ETS.

The amount of EUR 48.5 billion for the period 2028- 2032 is subject to the availability of the funds under the annual ceilings of the applicable multiannual financial framework for which the Commission will make a proposal before 1 July 2025.

## Social Climate Fund

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The Committee on Employment and Social Affairs adopted the report by David CASA (EPP, MT), Esther DE LANGE (EPP, NL) on the proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The proposal aims to establish a Social Climate Fund for the period 2025 to 2032 to provide Member States with funding to address the social consequences of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

### Purpose, scope and objectives

The general objective of the Fund is to contribute to a socially fair transition towards climate neutrality that leaves no one behind, in particular by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport in the Emissions Trading System (ETS).

The specific objective of the Fund is to support vulnerable households, vulnerable micro-enterprises, and vulnerable transport users, especially those in energy poverty or mobility poverty through temporary direct income support and through measures and investments intended to:

- increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration and storage of energy from renewable sources, and;
- grant improved access to efficient and affordable mobility and transport, with the objective to phase out gradually and not prolong fossil fuel dependency and avoid carbon lock-in.

Members established an EU definition of energy poverty and introduced a definition of mobility poverty. This definition covers vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and transport users who have few or no adequate and affordable alternatives to fossil fuels in the building and transport sectors.

### Social climate plans

Each Member State would be required to present a social climate plan, after consulting local and regional authorities, economic and social partners and civil society. These plans should contain a coherent set of measures to tackle energy and mobility poverty, in particular the

effects of the transition to climate neutrality.

Measures and investments to be included in the estimated total costs of social climate plans

Temporary direct income support measures (including a reduction in energy taxes and charges) would be funded to absorb the increase in road transport and heating fuel prices. According to Members, such support would be limited to a maximum of 40% of the total estimated cost of each national plan for the period 2024-2027 and would be phased out by the end of 2032.

Member States should include the costs of the following measures and investments with lasting effects in the estimated total costs of the plans, provided that they aim to:

- support quality, cost- and energy efficient building renovations and for those occupying worst-performing buildings, with a special attention to tenants and social housing;
- ensure access to affordable and energy-efficient housing, in particular by providing sufficient energy-efficient and affordable housing stock, including social housing;
- contribute to cost-effective decarbonisation (covering the costs of connection to smart grids and any other measures that contribute to energy savings but also to connection to district heating networks, such as vouchers, subsidies or interest-free loans for investments in products and services aimed at increasing the energy performance of buildings or integrating renewable energy sources in buildings);
- provide targeted information, support, capacity building and training necessary to implement the energy efficiency renovation solutions and grant access to zero- and low-emission mobility and transport services;
- provide financial support or fiscal incentives to improve access to zero- emission vehicles, while maintaining technological neutrality, and to bicycles, including incentivising access to, and the further development of, the second-hand zero-emission vehicles market, including financial support or fiscal incentives for their purchase, for appropriate public and private infrastructure, including for recharging and refuelling for support concerning the purchase of zero-emission vehicles.

According to Members, eligible measures and investments should not exceed 25% of the total estimated costs of the social plan and should be limited.

#### Budget

The financial envelope for the implementation of the Fund for the period until 2027 should be at least EUR 11 140 000 000 in current prices. The Fund should be supplemented by revenue resulting from the auctioning of 150 million allowances in accordance with the ETS Directive [EUR 5 250 000 000 indicative amount] for this period which would represent a total amount estimated by the Parliament at EUR 16.39 billion.

Additional allocations would be made available to ensure that the appropriations available for the Social Climate Fund in the EU budget increase in line with the carbon price.

#### Pre-financing

In order to ensure that the aid provided for in the plans can be effectively implemented from the first years after the entry into force of the Social Climate Fund, the Commission should be able to pre-finance up to 13% of the Member States' financial contribution on the basis of an application submitted by a Member State together with the Social Climate Plan.

Parliament also made a number of improvements to the Commission's proposal, including:

- a specific focus in the plans on the socio-economic challenges faced by islands and outermost regions;
- the fact that Member States should promote the role of renewable energy communities and citizen energy communities and consider them as eligible beneficiaries of the Fund;
- the need to ensure the consistency of the Fund both with national energy and climate plans and with cohesion policy programmes with similar priorities;
- a reminder that the Fund should only support activities and beneficiaries that respect applicable EU and national law on social and labour rights, and that Member States must respect fundamental rights, including the rule of law, in order to benefit from EU funds.

## Social Climate Fund

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The European Parliament adopted by 479 votes to 103, with 48 abstentions, amendments to the proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund.

The matter was referred back to the competent committee for inter-institutional negotiations.

The proposal aims to establish a Social Climate Fund for the period 2025 to 2032 to provide Member States with funding to address the social consequences of the extension of the Emissions Trading Scheme (ETS) to road transport and construction on vulnerable households.

The main amendments adopted in plenary are as follows:

#### Purpose, scope and objectives

Parliament specifies that the measures and investments supported by the Fund will benefit vulnerable households, micro-enterprises and transport users who are particularly affected by the impact of the transition to climate neutrality, including carbon pricing, in particular households in energy poverty and citizens in mobility poverty, paying particular attention to those living in rural, island, peripheral, mountainous, remote and less accessible areas or in less developed regions or territories, including less developed peri-urban areas, the outermost regions and carbon-intensive regions with high unemployment.

Members introduced a definition of mobility poverty, referring to households with high transport costs or limited access to affordable public or alternative modes of transport needed to meet basic socio-economic needs.

## Social climate plans

Each Member State would be required to present a social climate plan, after consulting local and regional authorities, economic and social partners and civil society. These plans should contain a coherent set of measures to tackle energy and mobility poverty, in particular the effects of the transition to climate neutrality.

### Measures and investments to be included in the estimated total costs of social climate plans

Member States should include the costs of measures providing temporary direct income support, including reduced taxes and charges on electricity, as a transitional measure for vulnerable households and transport users affected by energy and mobility poverty, to absorb the increase in road transport and heating fuel prices.

According to Members, this support would be limited to a maximum of 40% of the total estimated cost of each national plan for the period 2024-2027 and would be phased out by the end of 2032.

Member States should include the costs of the following measures and investments with lasting effects in the estimated total costs of the plans, provided that they aim to:

- support quality, cost- and energy efficient building renovations and for those occupying worst-performing buildings, with a special attention to tenants and social housing;
- ensure access to affordable and energy-efficient housing, in particular by providing sufficient energy-efficient and affordable housing stock, including social housing;
- contribute to cost-effective decarbonisation (covering the costs of connection to smart grids and any other measures that contribute to energy savings but also to connection to district heating networks, such as vouchers, subsidies or interest-free loans for investments in products and services aimed at increasing the energy performance of buildings or integrating renewable energy sources in buildings);
- provide targeted, accessible and affordable information, education, awareness and advice on cost-effective measures and investments and available support for building renovations and energy efficiency;
- provide financial support or fiscal incentives to improve access to zero-emission vehicles and bicycles, including promoting access to the market for second-hand zero-emission vehicles, and in particular financial support or fiscal incentives for their acquisition as well as for appropriate public and private infrastructure, including for charging and refuelling encouraging the use of affordable and accessible low and zero emission public transport.

## Budget

The financial envelope for the implementation of the Fund for the period until 2027 should be at least EUR 11 140 000 000 in current prices. The Fund should be complemented by revenue resulting from the auctioning of 150 million allowances in accordance with the ETS Directive [EUR 5 250 000 000 indicative amount] for this period which would represent a total amount estimated by the Parliament at EUR 16.39 billion.

The financial envelope for the implementation of the Fund for the period 2028-2032 would be established after a revision of the Regulation, subject to the amounts available within the annual ceilings of the applicable multiannual financial framework and to the assessment and, if appropriate and if the conditions are met, the targeted revision of the ETS Directive.

## Pre-financing

In order to ensure that the aid provided for in the plans can be effectively implemented from the first years after the entry into force of the Social Climate Fund, the Commission should be able to pre-finance up to 13% of the Member States' financial contribution on the basis of an application submitted by a Member State together with the Social Climate Plan.

Parliament also made a number of improvements to the Commission's proposal, including:

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- a reminder that the Fund should only support activities and beneficiaries that respect applicable EU and national law on social and labour rights, and that Member States must respect fundamental rights, including the rule of law, in order to benefit from EU funds.

Transparency				
KOKKALIS Petros	Shadow rapporteur	ENVI	15/12/2021	Eurelectric
METZ Tilly	Shadow rapporteur for opinion	TRAN	27/01/2022	Researcher from OpenEXP, researcher from E3G, Transport & Environment, VCO
KOKKALIS Petros	Shadow rapporteur	ENVI	14/02/2022	REScoop
METZ Tilly	Shadow rapporteur for opinion	TRAN	14/02/2022	Transport & Environment

BERENDSEN Tom	Rapporteur for opinion	REGI	16/02/2022	T&E
VEDRENNE Marie-Pierre	Shadow rapporteur	EMPL	17/02/2022	Union des entreprises de proximité
DE LANGE Esther	Rapporteur	ENVI	01/03/2022	Natuur & Milieu
DE LANGE Esther	Rapporteur	ENVI	14/03/2022	ATD Quart Monde
DE LANGE Esther	Rapporteur	ENVI	21/03/2022	Dutch Perm Rep.
MATTHIEU Sara	Shadow rapporteur	ENVI	23/03/2022	Transport and Environment (European Federation for Transport and Environment) WWF European Policy Programme
CHAIBI Leila	Rapporteur for opinion	TRAN	06/06/2022	Réseau Action Climat France
VEDRENNE Marie-Pierre	Shadow rapporteur	EMPL	07/06/2022	Réseau Action Climat France
DE LANGE Esther	Rapporteur	ENVI	14/07/2022	Wijbemiddelenautos
CHAHIM Mohammed	Member	01/06/2022	industriAll European Trade Union	